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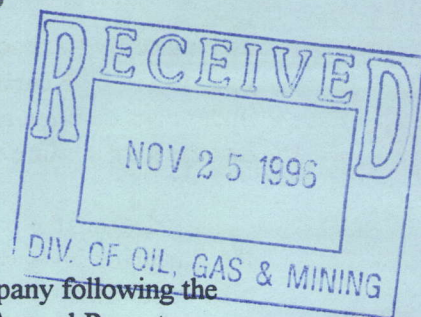
Chief Consolidated Mining Co.

EUREKA, UTAH 84628

INTERIM REPORT TO SHAREHOLDERS

To Chief's Shareholders:

Significant progress continued to take place in the affairs of your Company following the August 12, 1996 letter to Chief's shareholders that was a part of Chief's 1995 Annual Report.



This progress was consistent with the strategic goal of your Company's management to develop and bring into production either on its own, or through joint venture interests, up to five mining properties located in separate areas within thirty square miles in the Tintic Mining District of Utah.

On November 13, 1996, Chief announced that Thyssen Mining Construction of Canada, Ltd., the North American subsidiary of Thyssen Schachtbau GmbH of Germany, entered into an agreement with Tintic Utah Metals LLC, the joint venture entity that was formed to develop the silver-lead-zinc-gold New Burgin Mine. Under the agreement, Thyssen will conduct preliminary engineering design, budgeting and planning services for the New Burgin Mine shaft sinking, underground development and contract mining, to result in a bankable feasibility study. Chief holds a 50% ownership interest in Tintic Utah Metals LLC, with Akiko Gold Resources, Ltd. and Korea Zinc Co., Ltd. each owning a 25% interest.

Thyssen Schachtbau is recognized around the world as one of the pre-eminent names in mine construction, with 7,000 employees world wide and subsidiaries throughout Europe, North and South America and Australia.

Thyssen has thus become the second major international mining company to become involved in the Tintic District. On July 29, 1996, Chief announced the entry of Korea Zinc into the Tintic District as a joint venture partner. On September 5, 1996, Korea Zinc contributed its initial \$2 million to Tintic Utah Metals LLC.

Under the first phase agreement entered into with Thyssen, Thyssen will be reimbursed by the joint venture for its expenditures only if project financing is obtained as a result of Thyssen's feasibility work. Further, the agreement with Thyssen contemplates a second phase agreement between Thyssen and Tintic Utah Metals LLC, subject to project financing, under which Thyssen would complete all of the necessary construction and development work, including construction of the major additional production shaft and requisite dewatering to bring the New Burgin Mine into production.

The current agreement also contemplates a third phase agreement between Thyssen and the joint venture, whereunder Thyssen would contract to operate the New Burgin Mine, sending Burgin ore production to Korea Zinc for smelting. Korea Zinc has contracted to process Burgin ores under the joint venture agreement between Chief, Akiko and Korea Zinc.

It is anticipated that Thyssen's entry into the Tintic District will not necessarily be confined solely to the New Burgin Mine. Other Tintic District projects, including the Trixie gold mine (built

and mined by Kennecott Corp. and later Sunshine Mining Company), the Homansville gold deposit (discovered by Kennecott) and the Ball Park base metal deposit (also discovered by Kennecott) are under consideration as projects subject to possible separate future agreements between Thyssen and the joint venture or Chief.

During the past three months, drilling by Tintic Utah Metals LLC in the extended areas of the Burgin orebody continued unabated. In October 1996, a drillhole in a previously unexplored area intersected 10 feet of mineralization that assayed per ton at one-fifth of an ounce of gold, and an additional 18 foot segment assayed at 11% zinc. Follow-up drilling in this zone is continuing. Follow-up drilling will also begin in a soon to be completed drill station located off the drift in which the previously reported high- grade silver intercept (up to 238 ounces per ton) was discovered.

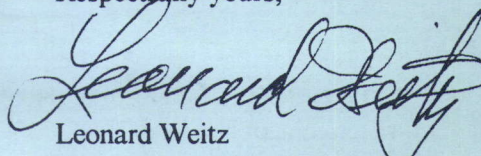
The rehabilitation of the Plutus orebody area located in your Company's wholly owned Plutus Mine was completed in October, 1996. Exploratory drilling in this area has now begun. Rehabilitation of a second drift has been completed and the construction of a drill station is in process. This particular area was the primary location of Asarco Inc.'s exploratory program that was never implemented before its lease with your Company terminated in December, 1984. It is anticipated that Chief's Plutus exploratory drilling program will continue over the coming months.

As a result of the merger of South Standard Mining Company into your Company's subsidiary, Chief Gold Mines, Inc., ownership of South Standard's Tintic District properties became vested in Chief Gold Mines, Inc. during the summer of this year. These properties include the Trixie Mine and the Eureka Standard Mine. It is anticipated that the rehabilitation of the Trixie shaft will begin shortly in preparation for the initiation of a drilling program which, if successful, will enable your Company to reopen the Trixie Mine and eventually the Eureka Standard Mine. It is important to note that Tintic Utah Metals LLC has a right to acquire the former South Standard properties during an eight month period in 1998, subject to reimbursement by Tintic Utah Metals LLC to Chief Gold of all of Chief Gold's prior acquisition, exploration and operating costs.

The participation of Korea Zinc as a joint venture partner with your Company in the Tintic District and the joint venture's agreement with Thyssen is consistent with the opinion expressed in the August 12, 1996 letter to Chief shareholders which stated in part ".... foreign companies which are more cognizant of geopolitical realities, are looking toward investing in the safety and security of assets located in the United States...."

Your management will continue to keep Chief's shareholders informed of significant developments relating to its Tintic District mining properties.

Respectfully yours,


Leonard Weitz
Chairman and President

November 14, 1996